

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development gives Notice of Intended Action to adopt amendments to Chapter 23, "Iowa Community Development Block Grant Program," Iowa Administrative Code.

The amendments add sustainable community projects as an eligible activity within the contingency fund, change the amount of the contingency fund from 5 percent of all block grant funds to \$1 million, revise the rating criteria to include considerations relating to sustainability and site design criteria, and create a new downtown revitalization fund.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on August 5, 2008. Interested persons may submit written comments to Hank Manning, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4836.

A public hearing to receive comments about the proposed amendments will be held on August 6, 2008, at 3 p.m. in the Iowa Room, Second Floor, at the above address.

These amendments are intended to implement Iowa Code section 15.108(1)"a."

The following amendments are proposed.

ITEM 1. Amend rule 261—23.2(15) as follows:

261—23.2(15) Definitions. When used in this chapter, unless the context otherwise requires:

"Activity" means one or more specific activities, projects or programs assisted with CDBG funds.

"Average county wage" means the average the department calculates annually using the most current four quarters of wage and employment information as provided in the Quarterly Covered Wage and Employment Data report as provided by the Iowa workforce development department, audit and analysis section. Agricultural/mining and governmental employment categories are deleted in compiling the wage information.

"Average regional wage" means the wage calculated annually by the department using a methodology in which each particular county is considered to be a geographic center of a larger economic region. The wage threshold for the central county is calculated using the average wage of that county, plus each adjoining county, so that the resulting figure reflects a regional average that is representative of the true labor market area. In performing the calculation, the greatest importance is given to the central county by weighting it by a factor of four, compared to weighting of one for each of the other adjoining counties. The central county is given the greatest importance in the calculation because most of the employees in that central county will come from that same county, as compared to commuters from other adjoining counties.

~~*"Bold possibilities"* means projects that meet one of the goals of IOWA 2010.~~

"Career link" means a program providing training and enhanced employment opportunities to the working poor and underemployed Iowans.

"CDBG" means community development block grant.

"EDSA" means economic development set-aside.

"HUD" means the U.S. Department of Housing and Urban Development.

"IDED" means the Iowa department of economic development.

~~*"IOWA 2010"* means the goals and objectives outlined in the report dated November 1, 2000, issued by the governor's strategic planning council.~~

“LMI” means low and moderate income. Households earning 80 percent or less of the area median income are LMI households.

“PFSA” means public facilities set-aside.

“Program income” means gross income a recipient receives that is directly generated by the use of CDBG funds, including funds generated by the use of program income.

“Program year” means the annual period beginning January 1 and ending December 31.

“Quality jobs program” means a job training program formerly funded with CDBG funds that is no longer operational.

“Recipient” means a local government entity awarded CDBG funds under any CDBG program.

“Sustainable community activities” means activities to develop viable communities while preserving precious environment and resources.

“Working poor” means an employed person with an annual household income between 25 and 50 percent of the area median family income.

ITEM 2. Amend subrules 23.4(5)23.4(8) as follows:

23.4(5) Contingency funds. IDED reserves the right to allocate up to ~~5 percent of funds~~ \$1 million for projects dedicated to addressing threats to public health and safety and for ~~bold possibilities~~ sustainable community demonstration projects.

23.4(8) Recaptured funds. Recaptured funds shall be ~~returned to the competitive program~~ available for use through the water and sewer fund, and the community facilities and services fund, the contingency fund, the housing fund, and the downtown revitalization fund. As approved by the director, recaptured funds may be used to fund projects from the job creation, retention and enhancement fund ~~or housing fund~~ in order to respond to an immediate ~~community or business need~~ if no funds are available through the economic development set-aside fund or public facilities set-aside fund. Recaptured funds remaining at the end of a program year shall be reallocated in amounts and to funds as approved by the director to ensure the availability of resources to those funds in which the greatest need is demonstrated to exist or to respond to a community or business need.

ITEM 3. Amend subrule 23.5(7) as follows:

23.5(7) Applications shall include a community development and housing needs assessment. ~~In evaluating applications, IDED shall give supplementary credit to applicants that have developed comprehensive community and economic development plans.~~

ITEM 4. Adopt the following new subparagraph **23.6(4)“c”(9)**:

(9) Whether the project meets or exceeds the minimum building and site design criteria established by IDED to be eligible for funding.

ITEM 5. Rescind and reserve paragraph **23.7(1)“k.”**

ITEM 6. Amend rule 261—23.10(15) as follows:

261—23.10(15) Requirements for the contingency fund. The contingency fund is reserved for communities experiencing a threat to public health, safety or welfare that necessitates immediate corrective action sooner than can be accomplished through normal community development block grant procedures, or communities ~~addressing bold possibilities~~ developing a sustainable community demonstration project. Up to ~~5 percent~~ \$1 million of CDBG funds may be used for this purpose.

23.10(1) No change.

23.10(2) Application review. Upon receipt of a request for contingency funding, IDED shall determine whether the project is eligible for funding and notify the applicant of its determination. A project shall be considered eligible if it meets the following criteria:

a. Projects to address a threat to health and safety.

(1) to (4) No change.

b. Projects to ~~address bold possibilities~~ demonstrate sustainable community activities.

(1) The project ~~addresses one of the goals of IOWA 2010~~ is consistent with sustainability and smart growth principles.

(2) to (7) No change.

(8) The project is innovative and could be replicated in other communities.

(9) The project meets or exceeds the minimum building and site design criteria established by IDED.

23.10(3) and **23.10(4)** No change.

ITEM 7. Amend subrules 23.15(2)23.15(8) as follows:

23.15(2) *General financial management standards.* Recipients shall comply with 24 CFR 85, as revised ~~April 1, 1997~~ January 1, 2007, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments. Allowable costs shall be determined in accordance with OMB Circular A-87, “Cost Principles Applicable to Grants and Contracts with State and Local Governments.”

23.15(8) *Contract closeout and audit.* Upon completion of project activities and contract expiration, IDED shall initiate closeout procedures. Contracts may be subject to audit before closeout of the contract can be completed. Recipients that expend \$500,000 or more of federal funds ~~of \$300,000 or more~~ within one year must have these funds audited. The audit shall be performed in a manner consistent with the provisions set forth in the Single Audit Act, as revised in 1996, and described in the CDBG management guide.

ITEM 8. Adopt the following **new** rule 261—23.16(15):

261—23.16(15) Requirements for the downtown revitalization fund. Downtown revitalization funds are reserved for eligible CDBG activities that assist in the revitalization of downtown areas.

23.16(1) *Maximum grant award.* The maximum grant award for individual applications is \$500,000.

23.16(2) *Application procedure.* Application forms and instructions shall be available upon request from IDED, Community Development Division, 200 East Grand Avenue, Des Moines, Iowa 50309, or on the division Web site at www.iowalifechanging.com/community.

23.16(3) *Review criteria.* IDED shall review applications and make funding decisions based on the following criteria:

- a. Impact of the project on the community.
- b. Readiness to proceed with the proposed activity and likelihood that the activity can be completed in a timely fashion.
- c. Level of community support for a downtown revitalization effort.
- d. Degree to which downtown revitalization fund assistance would be leveraged by other funding sources and documentation of applicant efforts to secure the maximum amount of local financial support for the activity.
- e. Degree to which the activity meets or exceeds the minimum building and site design criteria established by IDED to be eligible for funding.
- f. Level of planning completed for comprehensive downtown revitalization efforts.